

Message Text

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AMCONSUL TURIN
USNMR SHAPE
USCINCEUR
USDOCOSOUTH

C O N F I D E N T I A L SECTION 1 OF 2 ROME 0856

MILAN PASS TO TURIN

E.O. 11652: GDS
TAGS: MMOL, XT, IT
SUBJECT: ARMAMENTS COOPERATION WITH ITALY; VISIT OF UNDER SEC
OF DEF PERRY

1. SUMMARY: KEY LEADERS OF ITALIAN MOD EXPRESSED STRONG DESIRE
TO INCREASE ARMAMENTS COOPERATION WITH US, ESPECIALLY WITH RESPECT
TO LICENSED PRODUCTION. HOWEVER THEY EMPHASIZED NEED FOR APPROPRIATE
MARKETING RIGHTS TO MAKE LICENSING FEASIBLE. DRAFT US-ITALIAN MOU ON
BILATERAL COOPERATION AND WORK OF INDEPENDENT EUROPEAN PROGRESS GROUP
AND AGREED TO SEEK IMPROVEMENTS IN PROPOSED AGENDA FOR COMING
DIALOGUE BETWEEN IEPG AND N. AMERICAN ALLIES. THEY ALSO HELD ONTO
HOPE FOR SOME DEGREE OF ITALIAN PARTICIPATION IN NATO AWACS. END
SUMMARY.

2. ON 12 JANUARY, DR. PERRY (US DR&E), DR GARBER (DIR, INTERNATIONAL
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PROGRAMS), M/GEN BOWMAN (DIR, EUR & NATO AFFAIRS, ISA) AND EMBASSY
OFFICERS MET WITH MOD RUFFINI, UNDER SEC PASTORINO, GEN CAVALERA
(SEC GENERAL AND CHIEF OF DEF STAFF, DESIGNATE), AND PROCUREMENT
CHIEFS INCLUDING L/GENS VALDITARA, SALATIELLO DE VITO AND FREIRI
AND V/ADMS PAGLIA AND MAININI TO DISCUSS WAYS OF IMPROVING
ARMAMENTS COOPERATION.

3. LICENSED PRODUCTION. MOD RUFFINI, U/SEC PASTORINO, AS WELL AS MOST MILITARY LEADERS (PLUS INDUSTRIAL LEADERS IN LATER MEETINGS ON 13 JAN) EMPHASIZED KEY ROLE LICENSED PRODUCTION MUST PLAY IN ACHIEVING NATO STANDARDIZATION AND SAID THAT THIS WAS ONLY POSSIBLE IF PROPER AND EQUITABLE SALES ARE AUTHORIZED FOR LICENSEE. ITALIAN REPS CITED CASES IN THE PAST WHERE THE US DISAPPROVED SALES OF EQUIPMENT LIKE M113 IN ORDER TO FAVOR PARENT US COMPANY. THEY ALSO ARGUED THAT OTHER SALES HAD SOMETIMES BEEN BLOCKED WITHOUT GOOD SECURITY OR POLITICAL GROUNDS. THEY SAID THEY WANTED ONLY FAIR TREATMENT TO MAKE COOPERATION AND STANDARDIZATION POSSIBLE AND POINTED OUT THAT AT PRESENT DESTANDARDIZATION IS REWARDED BY UNLIMITED SALES OPPORTUNITIES WHILE COOPERATION RESULTS IN VERY NARROW AND UNFAIR RESTRICTIONS. DR. PERRY REPLIED THAT WHILE US POLICY SOUGHT REDUCTIONS IN ARMAMENTS SALES WORLDWIDE, WE WOULD NO LONGER DISAPPROVE SALES MERELY TO PROTECT US INDUSTRY FROM COMPETITION AND WOULD USUALLY PERMIT THEM IN NATO AND OTHER AREAS WHERE THE US ALSO PROVIDES DEFENSE EQUIPMENT. ANOTHER POINT WHICH DR. PERRY STRESSED WAS THAT IF STANDARDIZATION IS MORE SUCCESSFUL, THEN LARGER NATO MARKETS WOULD BE AVAILABLE, WHICH WOULD HELP WITH PRESENT PROBLEMS OF UNECONOMICAL, SHORT PRODUCTION RUNS, WHICH IN TURN PUT THE PRESSURE ON TO EXPORT.

4. TECHNOLOGY TRANSFER. DR PERRY DESCRIBED NEW DOD POLICY WHICH WILL CONTROL TECHNOLOGY MORE CAREFULLY TO AVOID LETTING IT SLIP AWAY TO THE WARSAW PACT, BUT WILL FACILITATE TECHNOLOGY TRANSFER AS APPROPRIATE TO MAXIMIZE THE EFFECTIVENESS OF NATO. HE POINTED
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OUT THAT IT DOES NOT MAKE SENSE FOR AMERICAN DIVISIONS TO HAVE SUPERIOR WEAPONS IF THE ALLIED DIVISION ON THEIR FLANKS ARE POORLY ARMED. DETERRANCE WOULD STILL BE AT RISK. THE ALLIANCE SHOULD NOT HAVE TO MATCH THE SOVIETS GUN FOR GUN IF IT MAKES EFFICIENT USE OF ITS TECHNOLOGICAL SUPERIORITY AND DOESN'T WASTE ITS EFFORT IN UNNECESSARY DUPLICATION OF R&D. IN THE COURSE OF THESE DISCUSSIONS THE ADVANTAGES OF APPLYING NEW TECHNOLOGY TO FORCE MULTIPLIERS WAS OUTLINED AS IN CASE OF LASER GUIDED 155 MM ARTILLERY.

5. US-ITALIAN MOU ON COOPERATION IN ARMAMENTS. MINOR IMPROVEMENTS IN DRAFT MOU WERE DISCUSSED. DR PERRY EMPHASIZED THAT WHILE MOU WOULD ELIMINATE ARTIFICIAL RESTRAINTS ON COOPERATION AND SET UP A REVIEW MECHANISM, IT WOULD STILL NOT IMPROVE COOPERATION UNLESS ITALY CREATED FOCAL POINTS FOR ARMAMENTS MATTERS IN BOTH ROME AND ITS WASHINGTON EMBASSY AND ITALIAN INDUSTRY MADE AN EFFORT TO FIND OPPORTUNITIES FOR COOPERATION WITH US INDUSTRY AND FOR MARKETING APPROPRIATE EQUIPMENT IN THE U.S.

6. INDEPENDENT EUROPEAN PROGRAM GROUP. ITALIANS SAW NO CONFLICT BETWEEN MOU AND IEPG AND MAINTAINED THAT IEPG WOULD BE USEFUL AS A BASIS FOR GREATER EUROPEAN EFFICIENCY, BUT WARNED THAT WE WOULD NOT EXPECT RAPID PROGRESS AMONG DIVERSE IEPG MEMBERS. US REPS

EXPLAINED THAT AGENDA FOR TRANSATLANTIC DIALOGUE PROPOSED BY IEPG WAS ALMOST INSULTING IN THE WAY IT PLACED ALL BLAME FOR LACK OF A TWO-WAY STREET ON THE US. ADM MAININI FIRST DENIED ANY SUCH INTENT AND THEN SAID HE UNDERSTOOD HOW THE US MIGHT VIEW THE AGENDA AND WOULD TRY TO MODIFY IT OR AT LEAST RECOGNIZE THAT OTHER SUBJECTS WERE ALSO APPROPRIATE. HE ALSO AGREED THAT THERE SHOULD BE EARLY DISCUSSIONS BETWEEN IEPG WORKING GROUPS EXPLORING SPECIFIC DEVELOPMENT OPPORTUNITIES AND THE US AND CANADA, SO THAT THERE WOULD BE A BETTER CHANCE OF PURCHASES IF THE PROGRAM SUCCEEDS.

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C O N F I D E N T I A L SECTION 2 OF 2 ROME 0856

MILAN PASS TO TURIN

7. NATO AWACS PROGRAM. IN SEPARATE DISCUSSIONS WITH GEN CAVALERA AND ADM MAININI M/GEN BOWMAN EMPHASIZED PROBABLE ADVERSE MILITARY AND POLITICAL EFFECTS ON THE ALLIANCE IF ITALY WERE ODD MAN OUT ON NATO AWACS PROGRAM. HE DESCRIBED POSSIBILITY FOR ITALIAN PARTICIPATION IN NADGE INTERFACE WHICH WOULD INVOLVE A SHARE OF ONLY SOME \$12M BUT WOULD RESULT IN ABOUT \$24M OF EQUIPMENT AND WORK AT ITALIAN SITES. SIMILARLY, IF FORWARD OPERATING BASES WERE LOCATED IN ITALY IT WOULD MEAN SOME \$10-15M PROJECT WHILE ITALY'S CONTRIBUTION IN THAT AREA WOULD BE ONLY SOME \$6M. FINALLY ANNUAL OPERATIONS AND MAINTENANCE CONTRIBUTION REQUIRED FROM ITALY WOULD BE ONLY ABOUT \$6M WHILE SOME \$7M MIGHT BE SPENT IN ITALY. ALLIANCE WOULD PROBABLY AGREE TO POSTPONE REMAINDER OF ITALY'S \$105M SHARE OF THE PROGRAM COSTS UNTIL ITALIAN ECONOMIC SITUATION IMPROVED. ITALIAN REPS WERE

RECEPTIVE TO THESE POSSIBILITIES AND ASKED WHY NO OTHER MINISTER OBJECTED WHEN THEIR MINISTER TOLD THE DPC HE WOULD ONLY CONTRIBUTE \$1M TO PROGRAM. THEY RECOMMENDED THAT ALTERNATIVES BE OUTLINED IN CONFIDENTIAL

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A LETTER DIRECTLY TO THEIR MINISTER.

8. AREAS OF COPRODUCTIVE INTEREST. THE ITALIANS MENTIONED THEIR INTEREST IN SEVERAL AREAS OF CO-PRODUCTION WHICH WOULD CONTRIBUTE TO STANDARDISATION. FROM U.S. TECHNOLOGY, THESE INCLUDED THE DRAGON ANTI-TANK SYSTEM, THE STINGER ANTI-AIR SYSTEM, INFRARED NIGHT VISION DEVICES ESPECIALLY FOR HELOS, LASER GUIDED 155MM ARTILLERY AMMO AND HELLFIRE LASER GUIDED HELO LAUNCHED ROCKETS, AND THE IMPROVED 105MM TANK AMMUNITION. THERE IS ALSO INTEREST FOR THE NEXT OBSERVATION/ATTACK HELICOPTER TO BE OF ITALIAN DESIGN AND CONSTRUCTION. ITALIAN TECHNOLOGY PROPOSED WAS THE F-H-70. 155MM SELF PROPELLED ARTILLERY.

9. BI-LATERAL TECHNICAL DATA EXCHANGES. THE ITALIANS STATED THAT ESTABLISHED TECHNICAL DATA EXCHANGE CHANNELS WITHIN NATO FOR NEW TECHNOLOGY TRANSFER ARE TOO SLOW AND ARE NOT RESPONSIVE. IT WAS PROPOSED THAT BI-LATERAL TECHNICAL DATA EXCHANGE ARRANGEMENTS BE USED TO SUPPLEMENT NATO CHANNELS. DR PERRY NOTED IT MIGHT BE USEFUL IF FUTURE MEETINGS OF SERVICE ACQUISITION CHIEFS FOR THE TWO NATIONS COULD BE ARRANGED. HE ALSO SAID IT WAS DESIRABLE TO GET NATO PARTNERS SUCH AS ITALY TO PARTICIPATE WHILE NEW TECHNOLOGY WAS STILL IN THE R&D STAGE, INSTEAD OF AT THE POINT WHEN R&D HAS BEEN COMPLETED AND PRIVATE INDUSTRY IS READY TO GO INTO PRODUCTION.

10. ITALIAN PROCUREMENT FROM US SOURCES. THE ITALIANS MADE STRONG REPRESENTATION THAT THEY WERE EXPERIENCING PROCUREMENT PROBLEMS WITH PRODUCTS PURCHASED FROM THE US. PRESENT RULES STIPULATE THAT ONLY 90 DAYS CAN ELAPSE BETWEEN AN OFFER TO SELL AND PAYMENT. UNDER ESTABLISHED LAWS ITALIAN SERVICES CANNOT LEGALLY OBTAIN FUNDS WITHIN THREE MONTH DEADLINE. DR PERRY REPLIED THAT THIS WAS A PROBLEM WHICH HE WILL LOOK INTO UPON RETURN TO WASHINGTON.

11. MEETINGS ENDED IN ATMOSPHERE OF CLOSE ITALIAN-AMERICAN
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FRIENDSHIP AND OPTIMISM FOR A NEW COURSE OF EVEN CLOSER COOPERATION. ITALIANS POINTED OUT THAT THEY WERE PRERHAPS THE MOST ACTIVE ALLY IN LICENSING US EQUIPMENT AND SUPPORTING ALLIANCE COOPERATION PROJECTS. GARDNER

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